



FEDERAL RESERVE SYSTEM

Agency Information Collection Activities: Announcement of Board Approval Under Delegated Authority and Submission to OMB and Submission to OMB with Request for Comments

AGENCY: Board of Governors of the Federal Reserve System.

SUMMARY: Notice is hereby given of the final approval of a proposed information collection by the Board of Governors of the Federal Reserve System (Board) under Office of Management and Budget (OMB) delegated authority, as per 5 CFR 1320.16 (OMB Regulations on Controlling Paperwork Burdens on the Public). Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instrument(s) are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

On June 25, 2013, the Federal Reserve published a notice in the **Federal Register** (78 FR 38033) requesting public comment for 60 days to

extend, with revision, the Capital Assessments and Stress Testing information collection. The comment period for this notice expired on August 26, 2013. The Federal Reserve received 17 comment letters. The substantive comments are summarized and addressed below.

DATES: Comments are to be submitted on or before **[insert 60 days from pub date]**.

Interested parties are invited to submit written comments to any or all of the agencies. All comments, which should refer to the OMB control number, will be shared among the agencies.

ADDRESSES: You may submit comments identified by FR Y-14A/Q/M, by any of the following methods:

- Agency Web Site: <http://www.federalreserve.gov>. Follow the instructions for submitting comments on the <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- E-mail: regs.comments@federalreserve.gov. Include the OMB control number in the subject line of the message.
- FAX: 202-452-3819 or 202-452-3102.

- Mail: Robert deV. Frierson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551.

All public comments are available from the Board's Web site at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm> as submitted, except as necessary for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room MP-500 of the Board's Martin Building (20th and C Streets, NW.) between 9 a.m. and 5 p.m. on weekdays.

Additionally, commenters may send a copy of their comments to the OMB Desk Officer – Shagufta Ahmed- Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street NW., Washington, DC 20503 or by fax to (202) 395-6974.

FOR FURTHER INFORMATION CONTACT:

Federal Reserve Board Clearance Officer —Cynthia Ayouch—Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202) 452-3829. Telecommunications

Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

OMB Desk Officer—Shagufta Ahmed --Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW., Washington, DC 20503.

Final approval under OMB delegated authority to extend, with revision, the following report:

Report title: Capital Assessments and Stress Testing information collection.

Agency form number: FR Y-14A/Q/M.

OMB Control number: 7100–0341.

Effective Date: September 30, 2013.

Frequency: Annually, semi-annually, quarterly, and monthly.

Reporters: Large banking organizations that meet an annual threshold of \$50 billion or more in total consolidated assets (large Bank Holding Companies or large BHCs), as defined by the Capital Plan rule (12 CFR 225.8).¹

Estimated annual reporting hours: Summary, 61,680 hours; Macro scenario, 1,860 hours; Counterparty credit risk (CCR), 2,520 hours; Basel

¹ The Capital Plan rule applies to every top-tier large BHC. This asset threshold is consistent with the threshold established by section 165 of the Dodd-Frank Act relating to enhanced supervision and prudential standards for certain BHCs.

III/Dodd-Frank, 660 hours; and Regulatory capital, 600 hours. FR Y–14Q: Securities risk, 1,200 hours; Retail risk, 1,920 hours; Pre-provision net revenue (PPNR), 85,320 hours; Wholesale corporate loans, 6,720 hours; Wholesale commercial real estate (CRE) loans, 6,480 hours; Trading risk, 46,224 hours; Basel III/Dodd-Frank, 2,640 hours; Regulatory capital, 4,800 hours; Operational risk, 3,360 hours; Mortgage Servicing Rights (MSR) Valuation, 864 hours; Supplemental, 960 hours; and Retail Fair Value Option/Held for Sale (Retail FVO/HFS), 1,216 hours. FR Y–14M: Retail 1st lien mortgage, 153,000 hours; Retail home equity, 146,880 hours; and Retail credit card, 91,800 hours. FR Y–14 On-Going Automation for existing respondents: 9,120 hours.

Estimated average hours per response: FR Y–14A: Summary, 1,028 hours; Macro scenario, 31 hours; CCR, 420 hours; Basel III/Dodd-Frank, 22 hours; and Regulatory capital, 20 hours. FR Y–14Q: Securities risk, 10 hours; Retail risk, 16 hours; PPNR, 711 hours; Wholesale corporate loans, 60 hours; Wholesale CRE loans, 60 hours; Trading risk, 1,926 hours; Basel III/Dodd-Frank, 22 hours; Regulatory capital, 40 hours; Operational risk, 28 hours, MSR Valuation, 24 hours; Supplemental, 8 hours; and Retail FVO/HFS, 16 hours. FR Y–14M: Retail 1st lien mortgage, 510 hours;

Retail home equity, 510 hours; and Retail credit card, 510 hours. FR Y-14, On-going revisions for existing respondents, 480 hours.

Number of respondents: 30.

General description of report: The FR Y-14 series of reports are authorized by section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), which requires the Federal Reserve to ensure that certain BHCs and nonbank financial companies supervised by the Federal Reserve are subject to enhanced risk based and leverage standards in order to mitigate risks to the financial stability of the United States (12 U.S.C. 5365). Additionally, section 5 of the BHC Act authorizes the Board to issue regulations and conduct information collections with regard to the supervision of BHCs (12 U.S.C. 1844).

As these data are collected as part of the supervisory process, they are subject to confidential treatment under exemption 8 of the Freedom of Information Act (FOIA) (5 U.S.C. 552(b)(8)). In addition, commercial and financial information contained in these information collections may be exempt from disclosure under exemption 4 of FOIA (5 U.S.C. 552(b)(4)). Such exemptions would be made on a case-by-case basis.

Abstract: The data collected through the FR Y-14A/Q/M schedules provide the Federal Reserve with the additional information and perspective needed

to help ensure that large BHCs have strong, firm-wide risk measurement and management processes supporting their internal assessments of capital adequacy and that their capital resources are sufficient given their business focus, activities, and resulting risk exposures. The annual Comprehensive Capital Analysis and Review (CCAR) exercise is also complemented by other Federal Reserve supervisory efforts aimed at enhancing the continued viability of large BHCs, including continuous monitoring of BHCs' planning and management of liquidity and funding resources and regular assessments of credit, market and operational risks, and associated risk management practices. Information gathered in this data collection is also used in the supervision and regulation of these financial institutions. In order to fully evaluate the data submissions, the Federal Reserve may conduct follow up discussions with or request responses to follow up questions from respondents, as needed.

The semi-annual FR Y-14A collects large BHCs' quantitative projections of balance sheet, income, losses, and capital across a range of macroeconomic scenarios and qualitative information on methodologies used to develop internal projections of capital across scenarios.² The quarterly FR Y-14Q collects granular data on BHCs' various asset classes

² BHCs that must re-submit their capital plan generally also must provide a revised FR Y-14A in connection with their resubmission.

and PPNR for the reporting period. The monthly FR Y-14M comprises three loan- and portfolio-level collections, and one detailed address matching collection to supplement two of the portfolio and loan-level collections. The FR Y-14Q and the FR Y-14M are used to support supervisory stress test models and for continuous monitoring efforts.

Current actions: On June 25, 2013, the Federal Reserve published a notice in the Federal Register (78 FR 38033) requesting public comment for 60 days on the revision of the FR Y-14 information collection for September 30, 2013. Most of the proposed changes affected the FR Y-14A, particularly the Summary and Basel III schedules, in accordance with proposed capital rulemakings published for comment in August 2012.³ Other proposed changes included adding items to enhance supervisory models, removing items to reduce burden, and modifying items. The comment period expired on August 26, 2013. All substantive comments are summarized and addressed below.

³ 77 FR 52792, published August 30, 2012, proposed to revise and replace the Federal Reserve's risk-based and leverage capital requirements to be consistent with the most recent Basel requirements.

Summary of Comments

The Federal Reserve received 17 comment letters addressing the proposed changes to this information collection: 12 from BHCs, 3 from trade associations, and 2 from private companies. Many of the comments received requested clarification of the instructions for the information to be reported, or were technical in nature. These comments will be addressed in the final FR Y-14 reporting instructions.

The Federal Reserve also received four comments not directly related to the proposed revisions to the FR Y-14 information collection regarding suggestions to (1) provide the adverse and severely adverse macroeconomic scenarios and any trading and counterparty component earlier than they have been provided in the past; and (2) use the September Blue Chip Consensus instead of the October Blue Chip Consensus to inform the macroeconomic scenarios provided. Because these comments do not relate directly to this information collection, the Federal Reserve is not addressing them now but may consider them in connection with future modifications to its capital planning and stress testing rules. The following is a detailed discussion of aspects of the proposed FR Y-14 collection for which the Federal Reserve received one or more substantive comments and an evaluation of, and responses to the comments received.

General Comments

In general, commenters expressed concerns about the overall expansion of the information collection, timing of the implementation of new items, and the burden new items impose on reporters. Specifically, several commenters stated that the FR Y-14 currently has a high level of granularity, which is increasing with the proposed changes, and recommended that the Federal Reserve revise the current collection and limit proposed changes to include only the most relevant information. The Federal Reserve understands and appreciates the importance of minimizing burden to the public and regularly reviews the information requested by the FR Y-14A/Q/M to ensure all data elements are essential to the supervisory and company-run stress testing processes and the ongoing supervision of these companies. Specific data elements have previously been removed both as a result of these reviews and in response to public comments.

In regard to overall timing, several commenters requested that going forward the Federal Reserve either set a mandatory minimum amount of time between the finalization of changes to the FR Y-14 and the implementation date or alter the timeframe by which proposals are issued and finalized. The Federal Reserve recognizes the challenges associated with implementing changes to FR Y-14 reporting requirements in a timely

manner when the changes are finalized close to the reporting deadline. The Federal Reserve is carefully considering various longer-term options to address this comment that would increase the time between the finalization of changes to the FR Y-14 and their implementation date.

Commenters also suggested several improvements to the current Frequently Asked Questions (FAQ) process, including establishing a searchable repository, setting a specific schedule for responding to questions, and integrating questions and responses into the FR Y-14 instructions. The Federal Reserve is continually working to improve communication with respondents and, as noted in the initial Federal Register notice, has incorporated all relevant historical FAQs into the proposed instructions. The incorporation of relevant comments and questions related to the FR Y-14 into the instructions will continue on a regular basis with a goal of ending the FAQ process as soon as practicable.

Several commenters requested that implementation of the changes related to the revised regulatory capital approach⁴ (Revised Approach) be delayed to allow time for updating and integrating their financial reporting systems. Another commenter suggested that companies that are not subject

⁴ See 12 CFR parts 208, 217, and 225.

to the Board's advanced approaches capital rules should have significantly reduced reporting requirements.

Because the Capital Plan Rule issued on November 22, 2011, requires BHCs to calculate the regulatory capital ratios reported in its capital plan according to the current Regulation Y requirements or "any successor regulation," the Federal Reserve will not delay the implementation of the proposed changes or reduce reporting requirements. The Federal Reserve has, however, engaged in substantial industry outreach regarding the proposed schedules and the vast majority of items on the schedules are unchanged from the proposal. In addition, the Federal Reserve is publishing two interim final rules that provide transition arrangements to the Revised Approach.

As mentioned in prior public comment letters regarding proposed FR Y-14 changes, commenters requested that the Federal Reserve provide respondents a stated, minimum amount of time to integrate data from mergers or acquisitions. Additionally, commenters requested the Federal Reserve limit the amount of historical data required to be reported from portfolios acquired through a merger or acquisition. The Federal Reserve is carefully considering the appropriate level of guidance to provide for reporting such data. However, several firms that have completed a merger

or acquisition have been granted extensions to allow additional time to reach full compliance with the schedules.⁵ The Federal Reserve will continue to consider requests for extension or modification on a case-by-case basis rather than establishing a fixed transition period in the reporting instructions.

Because of required reconciliation between the FR Y-14Q and the Consolidated Financial Statements for Bank Holding Companies (FR Y-9C; OMB No. 7100-0128), several commenters requested that the filing deadline of the FR Y-14Q be after the FR Y-9C deadline for the corresponding quarter. After careful consideration, the Federal Reserve will change the filing deadline of the FR Y-14Q to seven calendar days after the FR Y-9C deadline, effective for the December 31, 2013, as of date. The new filing deadline will be 47 calendar days after the March 31, June 30, and September 30 as of dates, and 52 calendar days after the December 31 as of date, unless that day falls on a weekend or a holiday, in which case the deadline is the next business day. However, the Federal Reserve will continually weigh the improvements in reporting as a result of this change against the costs to the Federal Reserve.

⁵ Examples of such letters can be found on the Board's public website http://www.federalreserve.gov/bankinfo/LegalInterpretations/bhc_change_incontrol2013.htm.

Commenters also suggested several improvements to the current Frequently Asked Questions (FAQ) process, including establishing a searchable repository, setting a specific schedule for responding to questions, and integrating questions and responses into the FR Y-14 instructions. The Federal Reserve is continually working to improve communication with respondents and, as noted in the initial Federal Register notice, has incorporated all relevant historical FAQs into the proposed instructions. The incorporation of relevant comments and questions related to the FR Y-14 into the instructions will continue on a regular basis with a goal of ending the FAQ process as soon as practicable.

One commenter requested that the technical submission instructions be included along with the schedule instructions on the Federal Reserve's public website. Also, several commenters requested that the edit checks across schedules be altered to reduce the number of failures by changing logic and tolerance levels and considering data gaps. The Federal Reserve will post the technical instructions, as well as make appropriate adjustments to the edit check process.

Numerous commenters noted that the proposed templates and instructions implied that all items related to capital and risk weighted assets (RWA) would be based on the proposed Revised Approach, and

recommended that the Federal Reserve base these on the Revised Approach. The Federal Reserve will adjust the proposed templates and instructions to comply with the Revised Approach.⁶

Finally, several commenters noted that the instructions to several schedules specifically reference FICO scores, which could be considered an endorsement of FICO and its products. These commenters further noted that respondents should be able to report credit scores other than the FICO score. Because existing data items have been used to calibrate and validate current supervisory models, and the data as of September 30 are used as a benchmark for these models, the Federal Reserve will remove the requirement to submit or map to FICO scores in the schedules is effective with data as of October 31, 2013. Beginning with the data as of October 31, 2013, for the FR Y-14M and December 31, 2013, for the FR Y-14Q, respondents will have the option to continue reporting credit score items as in prior submissions or to begin submitting other credit scores with sufficient supporting documentation describing the reported credit score. To collect additional information regarding the use of credit scores and to further refine a response to this comment that minimizes burden to respondents, the

⁶ For additional guidance regarding how schedules should be populated regarding capital and RWA, see 12 CFR 225.8; 12 CFR part 252, subparts F, G, and H.

Federal Reserve is extending the comment period on credit score-related items for an additional 60 days from publication of this Federal Register notice. The appropriate schedule changes related to credit score collection would be effective for the March 31, 2014, as of date. See the Supplementary Information section below for additional information.

FR Y-14A

The majority of comments received regarding the FR Y-14A requested clarification of item definitions and will be addressed in the final instructions. Some comments, however, suggested modifications to data items and are addressed below. As noted in the initial Federal Register notice, the Federal Reserve stated that the proposed items related to the Revised Approach in the Summary schedule would be modified to align with the final rulemaking. Accordingly, several of these items will be modified, added and deleted to be consistent with the final Revised Approach.

Summary Schedule

Balance Sheet Worksheet. One commenter recommended that the proposed item Other Liabilities be split into Federal Funds Purchased & Repurchase Agreements and Non-Interest Bearing Other Liabilities. The Federal Reserve will split Other Liabilities into Federal Funds & Repurchase

Agreements and Other Liabilities. Another commenter requested that the column collecting information for the as of date be added back to the schedule. The collection of 23 of the 30 asset categories for the as of date have been moved to the Supplemental schedule, and the remaining 7 are reported on the FR Y-9C.

General and Advanced RWA. One commenter requested that the items in the Memoranda for Derivatives Contracts section of the General RWA worksheet have a materiality threshold to alleviate burden for respondents that have non-material derivatives portfolios. The Federal Reserve believes these items are essential regardless of size for its analysis of companies' RWA and notes that the items are required to be reported on the FR Y-9C without a materiality threshold. The same commenter requested that the Federal Reserve allow respondents to submit the items on the General and Advanced RWA worksheets in a more aggregated form. The Federal Reserve will not make this change as the items on the General and Advanced RWA worksheets are presented in accordance with the Revised Approach.

Capital Worksheets. One commenter noted that all three proposed Capital worksheets (General, Advanced Approaches, and Revised) would have required respondents to report their RWA according to the standardized

approach. In an effort to increase consistency with the FR Y-9C, the Federal Reserve reorganized the structure of the Capital worksheets, and in doing so has addressed the comment. Specifically, the General, Advanced Approaches and Revised Capital worksheets have been collapsed into one Capital worksheet that allows respondents to submit capital projections according to all three capital rules, which are outlined in different sections of the worksheet. Another commenter suggested that formulas be added to the Capital worksheets that would convert reported nominal capital line item amounts according to the transition periods outlined in the Revised Approach so that the calculated total capital would reflect the appropriate transition periods. The Federal Reserve will replace the formulas for the subtotals of capital components and total capital with required line items in which respondents would input these subtotal and total amounts, reflective of the Revised Approach transition provisions for a given quarter.

PPNR Worksheets. One commenter noted that the Average Rates Earned section for Interest Income on the PPNR Net Interest Income (NII) worksheet does not collect average rates for nonaccrual loans. The Federal Reserve will add an item, Nonaccrual Loans, to the Average Rates Earned section for Interest Income. Also regarding the PPNR NII worksheet, one commenter noted that item 47, Other Liabilities, in the Average Liability

Rates section should always be reported as zero. The Federal Reserve will remove the item. Another commenter expressed a lack of clarity regarding proposed line items 89A, Curve, and 89B, Index Rate, on the PPNR Metrics worksheet. The Federal Reserve will make the following changes: remove the basis point reporting unit requirement from item 89A; and split item 89B with two items – Index Rate and Spread (Relative to Index Rate). The same commenter was seeking guidance on the proposed item Residential Home Equity Originations Industry Market Size - Volume of the PPNR Metrics Worksheet, noting that these data would be difficult to report. After consideration of the potential cost expressed by the commenter, the Federal Reserve will remove this item.

Basel III Schedule

One commenter requested that the Federal Reserve either shorten the forecast period in the Basel III Schedule or provide macroeconomic scenario projections beyond the current 13 quarter projection. The instructions state that respondents are to generate their own macroeconomic scenario variables beyond the Supervisory Baseline scenario projections. Additionally, respondents in past CCAR exercises have largely complied with these reporting requirements in prior submissions of the FR Y-14A Basel III Schedule.

Counterparty Schedule

Several commenters expressed concern over the increase in required data submission associated with the proposed expansion of one worksheet from top 200 to top 95 percent of counterparties by credit value adjustment, and requested that the Federal Reserve set a materiality threshold. The Federal Reserve believes this level of granularity is necessary to capture a firm's total exposure, and that materiality considerations should apply to the total exposure across all counterparties, not to individual counterparties. Furthermore, the instructions have been updated to report counterparties within the same netting set as one consolidated entry as opposed to listing the individual counterparties within the netting set, which can decrease the level of granularity. Additionally to offset the increased reporting burden, the Federal Reserve will remove two worksheets that collect counterparty-level information, as initially proposed. One commenter requested that central counterparties (CCPs) be excluded from the supervisory data collection because they have multiple levels of risk mitigation. The Counterparty schedule collects counterparty data based on the size of the exposure and not the probability of loss, and the Federal Reserve will retain the requirement to report information for CCPs.

Operational Risk Schedule

One commenter stated that the proposed combination of Operational Risk worksheets on the Summary Schedule would require a level of granularity that would decrease the relevance of the data and requested that the Federal Reserve remove this collection as a requirement. The proposal involved simply combining two worksheets into one worksheet and the data required to be reported on the proposed combined worksheet is identical to the data required previously. The proposed worksheet maintains the flexibility for respondents to determine the appropriate level of granularity that fully captures projected operational risk losses.

FR Y-14Q

The majority of comments received regarding the FR Y-14Q requested clarification of item definitions and will be addressed in the final instructions. Some comments, however, suggested modification to data items and are addressed below.

PPNR Schedule

The Federal Reserve will modify the FR Y-14Q PPNR Schedule to reflect the changes made to the PPNR worksheets in the FR Y-14A Summary Schedule, as described above.

Trading Schedule

One commenter requested that the Index Tranches and Bespoke portion of Table B on the IDR – Corporate Credit worksheet be split into two portions, an Index Tranches portion and a Bespoke portion, to avoid index tranches from being commingled with bespoke tranches containing different underlying names. The Federal Reserve will split the proposed portion into the two aforementioned portions.

Wholesale Corporate Loan Schedule

Several commenters noted the significant effort required to obtain the information for the proposed Special Purpose Entity Flag and recommended that the Federal Reserve delay implementation of the item. The Federal Reserve will delay implementation of the item until March 31, 2014.

FR Y-14M**Domestic Home Equity Loan and Home Equity Line Schedule**

One commenter noted that there is an inconsistency between the Domestic First Lien Closed-end 1-4 Family Residential Mortgage (First Lien) schedule and the Domestic Home Equity Loan and Home Equity Line (Home Equity) schedule regarding the Troubled Debt Restructuring (TDR) item. Specifically, the TDR item on the First Lien schedule applies to all loans, whereas the TDR item on the Home Equity schedule applies to only

loans that have been modified. The Federal Reserve will update the TDR item on the Home Equity schedule to apply to all loans.

SUPPLEMENTARY INFORMATION:

Request for Comment on Information Collection Proposal

Abstract: As mentioned above in the *Current Actions* section, the Federal Reserve has removed the requirement to submit or map to FICO scores in the schedules effective with data as of October 31, 2013. Beginning with the data as of October 31, 2013, for the FR Y-14M and December 31, 2013, for the FR Y-14Q, respondents would have the option to continue reporting credit score items as in prior submissions or to begin submitting other credit scores with sufficient supporting documentation describing the reported credit score. To collect additional information regarding the use of credit scores and to further refine a response to this comment that minimizes burden to respondents, the Federal Reserve is extending the comment period on credit score related items for an additional 60 days from publication of this Federal Register notice. The appropriate schedule changes related to credit score collection would be effective for the March 31, 2014, as of date.

For the extended comment period, the Federal Reserve is requesting comment and feedback regarding the following topics (1) the types of credit

scores generally used by BHCs in the lines of business reported on the FR Y-14M and Retail FR Y-14Q schedules, (2) whether the industry generally uses internally-generated or externally-acquired credit scores, (3) issues to consider when validating the usefulness of a credit score (for example, Regulation Z considerations), (4) any industry standards with respect to credit scores, (5) mapping across industry-standard credit scores, (6) other ways credit scores can be made comparable across different scores, and (7) other composite measures, besides credit scores, that can be used to measure borrower credit worthiness.

All comments will become a matter of public record. Written comments should address the accuracy of the burden estimates and ways to minimize burden including the use of automated collection techniques or the use of other forms of information technology as well as other relevant aspects of the information collection request.

Board of Governors of the Federal Reserve System, September 24, 2013.

Robert deV. Frierson
Secretary of the Board.

Billing Code 6210-01-P

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